

BOARD OF COMMUNITY HEALTH

February 9, 2006

The Board of Community Health held its regularly scheduled meeting in the Carl E. Sanders Fireplace Room, Capitol Education Center, 180 Central Avenue, Atlanta, Georgia. Board members attending were Jeff Anderson, Chairman; Chris Stroud, M.D., Secretary; Mary Covington; Inman English, M.D.; Kim Gay; Ross Mason; Mark Oshnock; and Ann McKee Parker. Commissioner Rhonda Medows was also present. (A List of Attendees and Agenda are attached hereto and made official parts of these Minutes as Attachments # 1 and # 2).

Mr. Anderson called the meeting to order at 12:07 p.m. The Minutes of the January 12 meeting were UNANIMOUSLY APPROVED AND ADOPTED.

Mr. Anderson began by notifying the board of Dr. Stroud's resignation and congratulating him on his new position as leader of Women Services at Parkview Systems in Fort Wayne, Indiana.

Mr. Anderson said he and Mr. Mason visited the Marcus Institute. He asked Mr. Mason to give the board an overview of their tour. Mr. Mason said the Marcus Institute works with children who have developmental disabilities and a wide range of disorders and was founded by Mr. Bernie Marcus who has given \$70 million of his own money to the Institute. Mr. Mason said former Governor Barnes allocated \$1 million in the state budget, and Governor Perdue has continued funding with \$1.3 million in the Department of Human Resources budget (a 50-50 federal match). Mr. Mason reports that if funding were moved to DCH it would receive a 60/40 federal match. The Institute met with Mr. Anderson and Mr. Mason to talk about the needs of the Institute and the possibility of getting a larger federal match. Mr. Mason said it is the only private institution of its kind in Georgia and is very much needed. Mr. Anderson urged the board to schedule a group tour of the facility.

Mr. Anderson asked Dr. Medows to give the Commissioner's Report. She said the Department has been working diligently on its vast number of initiatives and new procurements. She said a formal report on the Medicaid managed care transition will be given at the March 9 board meeting. In the interim the Department is performing its own assessment which includes a readiness review of the information systems that actually interconnect each of the different partners and components of the managed care program, a readiness review of the enrollment systems, and a reassessment of the provider networks. She said she would share this information with the board as it comes back to her from the Department's third party consultants.

Mr. Anderson called on Kim McCurdy, Account Vice President, United Healthcare of Georgia, to present a SHBP Georgia PPO Network Update. Ms. McCurdy began with a network expansion update. She said in January 77 physicians were added to the network (6 from South Georgia), a total of 12,977 statewide, 193 applications are currently in the credentialing process. She said UHC added the final acute care hospital, Doctors Hospital in Columbus, to the network; now 100% of acute care hospitals in Georgia are contracted under the PPO.

Ms. McCurdy gave an overview of the contracting for hospital based providers. She said this group of providers (radiologists, pathologists and anesthesiologists) does not require the type of credentialing process required of other physicians. There are 612 hospital based physician groups in the State of Georgia; 300 are contracted with UHC, leaving 312 groups to be pursued by UHC. In January, 10 contracts were completed and another 33 groups began negotiations. A total of 74 non-participating groups are in active negotiations with UHC to join the network. Ms. McCurdy said UHC has focused its recruiting efforts on the most highly utilized hospitals in terms of the dollars being spent by the SHBP. These 30 facilities represent 60% of the total dollars spent for SHBP members.

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Ms. McCurdy said the hospital based recruitment strategy is: confirming status of hospital based groups participating at each acute care facility; awaiting confirmation from 61 hospital groups to complete mailings to the groups; completing a mailing to 177 non-participating groups; making follow up calls to confirm receipt of contracts; and providing weekly updates to DCH on UHC's contracting efforts. After addressing questions from the board, Ms. McCurdy concluded her report. (A copy of the United Healthcare PPO Network Update is attached hereto and made an official part of these Minutes as Attachment # 3).

Mr. Anderson called on Laura Jones, Director, Legislative and External Affairs, to give an update on 2006 legislation. Ms. Jones said the Department's three bills that were discussed at last month's meeting have yet to be introduced due to some questions back and forth between the DCH General Counsel's office and the Legislative Counsel who is drafting the two Medicaid bills, and there is need for some clarification between the Governor's Office and the Department on the SHBP bill. She said she talked with Legislative Counsel this morning and expects all three bills to be ready today.

Ms. Jones gave a review of some bills the Department is tracking. Several bills have been introduced in the Senate that concern the State Health Benefit Plan. She said most of these bills are a result of frustration by members of the General Assembly when the Department changed vendors for the administration of the SHBP PPO. These bills deal mainly with oversight by the General Assembly and creation of study committees to provide input into how the SHBP is to be managed.

Ms. Jones reviewed several House bills that have been introduced. House Bill 1115, SHBP Credentialing, would require that any new third party administrator for SHBP adhere to strict credentialing deadlines for hospitals, physicians, or any other healthcare provider. She said the Department along with the insurance lobby has been working with the author, Representative Hanner, to develop compromise language because the Department feels the timeframe set forth in the bill is not feasible. House Bill 1172 would prohibit prior authorization or any other restrictions on medications prescribed for critical or life threatening conditions for patients enrolled in Medicaid or any state funded health care program. Dr. Medows testified on this bill in Committee; it was tabled, awaiting any further action. House Bill 1224, Health Share Volunteers in Medicine Act, was introduced last year by Representative Mickey Channell and provides immunity to healthcare professionals practicing in free clinics. DCH hired a director for this program and has identified housekeeping measures that are necessary to ensure that the program would have as many participating providers as possible. (A copy of the 2006 Legislative Update is attached hereto and made an official part of these Minutes as Attachment # 4).

Mr. Anderson called on Scott Frederking, Legislative Projects Officer, DCH Division of Financial Management. Mr. Frederking gave a brief overview of the appropriations process and where the Department is in the process. The status of DCH's budget now is the House has met in subcommittees and committee as a whole and they have approved the amended budget. The Department has just received on the internet the Senate subcommittee's recommendations for the amended budget. Mr. Frederking said it is his understanding that on Monday the Senate Appropriations Committee will meet and take up the budget. Already the Department has seen differences in the Senate and the House. Some of the differences included in the amended budget are the addition of funds for a community health center in Liberty County, a reduction of funds for the Medicaid Modernization project, and reduction of some funds for Medicaid benefits. He said it is early in the process and the Department is in constant contact with both budget offices. Mr. Frederking said he anticipates that by the next board meeting the amended budget will be finished.

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Mr. Anderson called for public comment on the Pharmacy Public Notice. Mr. Buddy Harden, Georgia Pharmacy Association; Burnis D. Breland, Pharm.D., Director of Pharmacy and Clinical Research, Columbus Regional Medical Center; and Cal Calhoun, Vice President of Financial Services, Georgia Hospital Association, gave comments.

Mr. Anderson called on Mark Trail, Chief, Medical Assistance Plans, to review the Pharmacy Public Notice. Mr. Trail said the public notice was released last meeting in essence to drop certain language within existing policy. The policy manual was changed about a year ago, and it was brought to the Department's attention that that change in policy required a public notice, hence the public notice was brought before the board on February 9, 2006. He addressed a few points made during public comment. First, there was a dispensing fee survey done around 2000. He said he was not aware that it had not been made public. With regards to ingredient costs and reasonable dispensing fee and the notion that it may cost more to have acquisition plus the 30-cent difference in the dispensing fee, he pointed out to the board that because the state is a "most-favored nation" state, the DCH pays on average about a \$3 dispensing fee. He said there are many places that folks can go in the for-profit world to have prescriptions filled and have a much lower dispensing fee because of DCH's enforcement of that policy.

Mr. Trail addressed what he thinks would occur should the board not approve the public notice today. He emphasized the "lower of" logic that the Department uses for all provider groups and shared with the Board Part 1, General Conditions of Participation, Section 106, letter I. One of the requirements for all providers is to not bill the Division an amount greater than the lowest price regularly and routinely offered to any segment of the general public for the same service or item on the same date of service or accept from any third-party payors. He said that is what DCH refers to as "most-favored nations" logic. Mr. Trail said the policy manual Section 602.2, prior to the changes made last year, said non-profit pharmacies shall be billed according to the fee schedule established for private patients usual and customary fee. Non-profit pharmacies that do not utilize a fee schedule shall bill an amount equal to dispensing fee plus actual acquisition cost of the drug.

Mr. Trail said as audits were being done, it was discovered that some drug programs routinely charge \$5 or \$10. If the language is not changed, some pharmacies would have to bill the Department \$5 or \$10 instead of the actual acquisition costs plus \$4.33 for non-profit pharmacies. Mr. Trail said some pharmacies may have less reimbursement if they were billing the Department the full estimated acquisition cost of AWP minus 11 percent; there may be some "winners" who could come out better because they would not be held to the standard of only billing \$5, \$10 or less.

Mr. Anderson asked Mr. Trail if the board delayed voting and asked the public to submit proof statements, what harm would it do to the program. Mr. Trail said it would do no harm, but he suggested that the public demonstrate the cost of the Medicaid prescription and not include any subsidization occurring by this difference between the acquisition costs and the estimated acquisition costs (AWP minus 11 percent) for other (non-Medicaid) patients. The board asked for a financial analysis prior to the board meeting. Ms. Covington MADE a MOTION to delay voting on the Pharmacy Public Notice until the April meeting. Mr. Oshnock SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Pharmacy Public Notice is attached hereto and made an official part of the Minutes as Attachment # 5).

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Mr. Anderson called on Neal Childers, General Counsel, to review proposed rules to be published for public comment, Chapter 111-5-1 Georgia Volunteer Health Care Program which implements legislation passed last session by the General Assembly entitled the Health Share Volunteers in Medicine Act (HB 166). Mr. Childers said in summary what these regulations do in implementing the statute is allow the Department to establish a program authorized by the General Assembly whereby healthcare providers may volunteer to provide care to indigent patients including but not limited to those who are eligible for Medicaid assistance at no cost to that recipient as long as that agreement is reached with the patient in advance and the provider has enrolled with DCH in advance to provide that care. The provider would be treated as a state employee entitled to immunity from suit as individuals as are state employees. Mr. Childers said some of the incentives are to reduce the overhead of existing practices as well as allow retired providers to see some patients without having to incur all the expense of malpractice insurance if they are seeing the patients for free. Ms. Gay MADE a MOTION to publish for public comment rules for Chapter 111-5-1 Georgia Volunteer Health Care Program. Dr. Parker SECONDED the MOTION. Mr. Anderson called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of Chapter 111-5-1 Georgia Volunteer Health Care Program Rules is attached hereto and made an official part of the Minutes as Attachment # 6).

There being no further business to be brought before the Board at the meeting Mr. Anderson adjourned the meeting at 12:50 p.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE

_____ DAY OF _____, 2006.

JEFF ANDERSON
Chairman

ATTEST TO:

CHRISTOPHER BYRON STROUD, M.D.
Secretary

Official Attachments:

- #1 List of attendees
- #2 Agenda
- #3 United Healthcare PPO Network Update
- #4 2006 DCH Legislative Proposals
- #5 Pharmacy Public Notice
- #6 Chapter 111-5-1 Georgia Volunteer Health Care Program Rules